THE LIMITS OF STATE POWER IN THE MIDDLE EAST

Emile Sahliyeh

INTRODUCTION

WITH THE ONSET OF THE TWENTY-FIRST CENTURY, many Middle Eastern countries continue to face several socioeconomic and political problems. Some of these problems pause a challenge to the institutional foundation of the states and the legitimacy of the regimes, while others question the effectiveness of the state concerning the provision of the goods and services to the people and the presence of adequate rules and institutions for the growth of a healthy economy Still others cast a shadow of doubt upon the ability of the state to adapt to the demands of an ever-growing globalizing world economy

We seek in this article to examine some of these challenges, describe their domestic and external sources, and explore how they limit the political power of the Middle Eastern states In particular we employ four variables to explore the challenges that these Middle Eastern states have faced in the past and are likely to continue to face in the new century. The four variables include Democracy versus Authoritarianism, Ethnicity and Nationalism, Demographic Surge, and Economic Dependency and Economic Mismanagement Though our list could have included additional variables, the limitations of space compelled us to focus on what we consider the most serious non-military and non-security challenges to the political power of the Middle Eastern states. Space limitations have also forced us to give a brief analysis of these challenges and problems

Our conception of the Middle East is broad and it includes Arab and non-Arab countries. According to this conception, the Middle East consists of 27 countries including the 22 members of the Arab League and Afghanistan, Cyprus, Turkey, Iran, and Israel While we use the terms "state" and

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Emile Sahliyeh is an associate professor of Middle East Politics and International Relations, Department of Political Science, University of Texas, Denton.

"government" interchangeably throughout this study, we do not assume that the two are the same. The state is a broad construct, which incorporates the government and comprises territory, people, governmental structure, armed forces, and resources By contrast, the government is a much narrower concept that refers to the process of governing and the manner and the method of the exercise of power as well as the structure and distribution of political offices We conceive of the state's political power to rest on governmental legitimacy, its ability to maintain public order and stability, sound economy, abiding by the rule of law, and providing for basic needs for the population

BACKGROUND FOR THE EXPANSION OF MIDDLE EAST STATES POWER

The expanding powers of the states in the Middle East, their roles, and the challenges that face them are consistent with the patterns of state development at the global level.[1] We observe that throughout the 20th century, the size and the scope of state activities worldwide have expanded greatly, particularly in the economic, social, and military spheres. The expansion of the states' activities, however, yielded mixed outcomes While state activism has brought about tangible advancement in the level of education, health conditions, and a drop in social inequality in many societies, governmental intervention has also produced a myriad of failures and problems. The mixed outcomes are seen in the collapse of the states' controlled economy in the former Soviet Union and Central and Eastern Europe, the financial crisis of the welfare state in Western Europe, Japan, and the United states, the role of the state in the economic growth of East Asia, and the breakdown of several states in Africa and Asia.

Like many countries in the world, and especially in the Third World, the size of the Middle Eastern states has increased significantly in the areas of military forces, military spending, internal security apparatus, bureaucracy, and control over the economy. Countries such as Syria, Iraq, Iran, Turkey, Egypt, and Israel maintain among the largest armies in the world, allocating a considerable portion of their budgets to the military and stockpiling vast quantities of modern military equipment. A similar trend is exhibited in the economic sphere, where the Middle Eastern states have a sizable public sector and employ great numbers of civil servants, workers, and managers The states also control many of the existing resources including energy supply, large investment budgets, the banking system, minerals, the roads, railways, ports, and play a pivotal role in providing social services [2]

A configuration of forces and motives explains the predominant economic, political, societal, and military role of the state. Though the majority of the Middle East states gained their independence in the three decades following World War II, the series of dramatic events that took place in the inter-world war periods furnished the background for these states. The first was the Russian Revolution of 1917, which entrusted the state with the task of central planning and placed it in control of economic activities. The second was the expansion of the welfare state in the West resulting from the devastating economic and social consequences of the Great Depression of the 1930s, which caused the state to introduce policies to restore economic productivity and to provide for social welfare[3] The third development was the breakup of European empires and the collapse of colonialism after World War II The three developments ushered in a new phase of a more activist role for the State and generated greater confidence in its capacity to resolve social and economic troubles

In addition, public expectations helped in the expansion of the role of the state. Though many people in the Middle East may not consider their governments legitimate, they entrusted their governments to define national priorities, use public resources to attain these priorities manage the economy, and create strong armed forces The Islamic conception of the obligations of the state towards the community, especially its duty to promote the collective interests of the Ummah, provided a moral rationale for the expanding role of the state[4]

The politics of state building and development are also behind the expansion of the economic and military functions of the Middle Eastern State. Most of the countries in the Middle East and North Africa came out of the colonial period with a strong belief in the state's management of the economy. The task of state building prompted the new leaders of the Middle East to embrace central planning and state managed development strategies. Those leaders, moderate and radical alike, wanted to modernize their society, bring about economic prosperity, educate the citizenry, diversify the economy, and build national military power They believed that the attainment of these goals required the state's intervention and its mobilization of available resources.

Irrespective of their political orientation, the Middle Eastern governments did not believe that the market forces could revive their backward economy[5] To the moderate leaders, the private sector alone was seen as incapable of bringing about large-scale economic growth because of its financial weakness and its concern with immediate profit making rather than development Their belief was reinforced by the general acceptance of state activism and its impressive gains as reflected in the New Deal, the Marshall Plan, the emergence of the welfare state, and the European economic recovery The radical leaders distrusted the private sector altogether because of its close ties to the West. While the Great Depression signified to them the failure of the market economy, State control of the economy, following the Soviet model, provided them with a model for success

Regardless of their ideological stands the rulers of the various states were concerned about economic inequalities and rising poverty in their societies. They took upon themselves the task of eradicating this poverty and bringing about social justice through industrialization, urbanization, education, agricultural productivity, redistribution of wealth, and building a credible military force. By the 1970s and the 1980s, the Middle Eastern states had also become involved in virtually every aspect of the economy owning large industrial enterprises, administering prices, and increasingly regulating labor, foreign exchange, and financial markets The dramatic rise in the price of oil in the international market during the 1970s and early 1980s enabled the Middle East governments to expand further the size of their states Oil producing countries used the revenue during the oil boom decade to expand their public sectors and spending. To a lesser extent, the poorer Middle Eastern states that were dependent upon the financial assistance from oil producing countries, workers' remittances, and foreign aid from the Superpowers, expanded the state bureaucracy, governmental expenditure and the public sector.

Yet, the vast economic and military resources of the Middle Eastern states have not been translated into political power, governmental legitimacy, popular acceptance, economic growth, efficiency in rendering public goods, and maintenance of public order. Rather, the political, economic, and social institutions of many of the Middle Eastern countries are weak and vulnerable.[6] Their economic hegemony has also led to red tape, bureaucratic corruption and patronage. The state military dominance has also resulted in the squandering of financial resources on military adventures The challenges to the political power of many Middle Eastern states nowadays emanate from domestic and global sources as well as economic and social changes. In the following pages, we will explore these challenges under the headings of Democracy versus Authoritarianism, Ethnicity and Nationalism, Demographic Surge, and Economic Dependency and Economic Mismanagement

THE DEMOCRACY CHALLENGE

The feebleness and, in many cases, the absence of democratic institutions constitutes one of the primary challenges to the political legitimacy of many Middle Eastern countries. With the exception of Israel and Cyprus, and to a lesser degree Turkey, Lebanon, Jordan, Morocco, and Kuwait, and recently Iran, little progress toward the institutionalization of democracy has occurred in the Middle East. The introduction of quasi democratic institutions by Britain and France to each of Egypt, Sudan, Tunisia, Algeria, Morocco, Jordan, Syria, Iraq, and Lebanon during their colonial rule in the region and the close ties that these Middle Eastern governments maintained with the two colonial powers gave a negative connotation to democracy.[7] To the nationalist leaders at the time, freedom and independence did not entail individual freedoms and rights; rather political freedom meant freedom from Western tutelage. The political development in the 1950s and the 1960s further put several countries in the Middle East on an anti-Western anti-democratic and anti-capitalist path In particular, the advent of "revolutionary Arab nationalist" governments in Egypt, Syria, Algeria, Iraq, Yemen, and Libya introduced a socialist-populist alternative to democracy and the free market. The leaders of these revolutionary governments wanted to attain political independence from the West rather than borrow Western democratic norms or model their political institutions after Western political parties and associations.[8]

In response to mounting economic hardships and some domestic political pressures, countries like Egypt, Jordan, Tunisia, Algeria, Yemen, Sudan, and Morocco introduced some limited democratic reforms in the second half of the 1980s To varying degrees, these states liberalized their political systems, held periodic parliamentary elections, legalized political parties, and reinstated constitutions[9] The rulers of the Gulf States also appointed consultative councils[10] The 1990s, however, registered serious setbacks to the democratizing trend in Sudan, Tunisia, and Algeria Only in Egypt, Jordan, Morocco, and Kuwait and Yemen (after the Iraqi occupation of the former and the civil war in the latter), did the liberal openings somewhat continue[11] Although these countries have allowed general elections, convened parliaments, and licensed political parties, democracy still operates within prescribed limits

The 1998 Sahliyeh-Lohse study "Measuring Procedural Democracy In The Middle East" substantiates these observations about the pervasiveness of autocracy and the weakness of the democratic institutions among the Middle Eastern countries.[12] This study covers 24 Middle Eastern countries for the years 1970-1994.[13] The Sahliyeh-Lohse study, which is based upon Gurr's polity III data, presents a model, which consists of "elite" and "mass" dimensions.[14] This elite/mass model reflects the variation in the distribution of political power in any society[15] It also highlights the crucial role of the elite in the distribution of political authority and their support for the stability of any political or economic order

The following figure presents this elite/mass procedural-political authority measurement model and illustrates the structure of the relationships between and among Elite Accord and Mass Accommodation.[16]

Figure 1 Procedural Democracy
Logical Relationships Among Elite Accord, Mass Accommodation, and Democracy

Elite Accord

Mass Accommodation	Low	High
High	Stratarchy	Democracy
Low	Autocracy	Oligarchy

Based upon the Sahliyeh-Lohse model, Table 1 presents the distribution of political power in the Middle East among the four types of political authority autocracy, oligarchy, statarchy, and democracy and compares the Middle East with other regions of the world along these four categories The table includes two columns for the Middle East where column 1 consists of 24 Middle Eastern countries and column 2 excludes Israel and Cyprus from the list.

Table 1 Procedural Democracy: Mass Accommodation and Elite Accord
The Middle East and Regional Comparisons

	Central and Latin America	Africa	Middle East (1)	Middle East (2)	Asia
High Elite Accord with High Mass Accommodation (Democracy)	53 6%	21 1%	16 9%	9 2%	31 5%
High Elite Accord with Low Mass Accommodation (Oligarchy)	25 6%	50 9%	60 2%	65 8%	60 0%
Low Elite Accord with Low Mass Accommodation (Autocracy)	20 9%	28 7%	22 9%	25 1%	8 6%
Low Elite Accord with High Mass Accommodation (Stratarchy)	0%	0%	0%	0%	0%
Tau-B	55	32	25	18	21
Pearson X^2 at 1 df	174 9	97 2	35 8	18 4	24 7
Probability of Change Mass (High->Low)	4%	7%	7%	12%	5%
Probability of Change Elite (High->Low)	2%	3%	1%	1%	1%
Probability of Change Mass (Low->High)	8%	3%	1%	3%	4%
Probability of Change Elite (Low->High)	9%	6%	4%	4%	16%
N (Countries by Years (1970-1994))	552	896	568	520	540

Table 1 indicates that 25% of the total 520 country-years (as in the Middle East 2 column), fall in the Autocracy category, and 66% fall in the Oligarchy category, while only 9% fall in the Democracy category These findings clearly indicate that Oligarchy is the prevalent procedural-political authority category in the Middle East and the Arab World, followed by Autocracy, and then Democracy. With the exception of Israel, Cypress, and to some degree Turkey, Lebanon, Jordan, Morocco, and Kuwait, the Middle East and the Arab states have not made any significant progress toward the institutionalisation of mass procedural democracy This generalization is confirmed by the fact that when we combine the scores for both Autocracy and Oligarchy in Table 1, we find that in 91% of the country-year cases, the Middle East executives did not promote elite competition, increase executive public accountability, or encourage mass participation.

Table 1 also compares the distribution of political authority in the Middle East with each of Central and Latin America, Africa, and Asia along the democracy, oligarchy, and autocracy categories The table indicates that when we exclude Israel and Cypress, only 9% of all the country-years in the Middle East between 1970 and 1994 fall in the High Elite Accord-High Mass Accommodation category (Democracy). This finding makes the Middle East the least democratic, followed by Africa, Asia and Central and Latin America. The table also shows that with 66% of all the cases falling in the High Elite Accord-Low Mass Accommodation category (Oligarchy), the Middle East has the most cases of oligarchic rule, followed by Asia, Africa, and Central and Latin America. With regard to the autocracy category, Table 1 denotes that the Middle East has the most cases of autocratic rule only next to Africa by a small percentage (29% and 25%).

Table 1 also includes an estimation of the probability of change in the combination of elements from autocracy to democracy and vice versa. The table shows that the probability of change for the Middle East and the Arab states from low mass and low elite to high mass accommodation and high elite accord is 1% and 4% respectively, making the probability of change toward democracy in the Middle East lower than Africa, Asia, and Central and Latin America. The table also reveals a tendency away from democratic mass accommodation as evidenced in the 12% probability of change from high mass to low mass accommodation, a percentage which is much higher than the other regions

The prevalence of autocracy and oligarchy among the vast majority of the Middle Eastern countries is behind the problem of legitimacy of these states.[17] According to mainstream political science literature, the legitimacy of the government is derived from the consent of the people and reflects public consensus concerning the rightness of the authority and the rule of law. Legitimacy is rooted in the principle of popular sovereignty, which conceives of the people as the legitimate source of power.

For most of the post-World War II period, the governments of the Middle East won over their people by generous economic rewards rather than through popular political participation. The availability of external rents in the form of oil revenues, foreign aid from the oil producing states, the superpowers, and Western Europe, external borrowings, tourism, and fees imposed on the transport of oil enabled many of the Middle Eastern countries to provide a vast array of services and benefits and meet societal needs at little or no cost. These external rents afforded the Middle Eastern governments the opportunity not to extract taxes from the citizens. Indeed, and with the exception of Israel, direct taxes on incomes, profits, and capital gains in the Middle East are among the lowest in the world. In exchange for these services and minimum taxation, the governments expect citizen's loyalty and their non-interference in political matters.[18] The net effect of this political arrangement has been the close dependence of the economic interests of the citizens upon those of the state.

Some writers maintain that the rentier state and the low level of taxation among many countries in the Middle East explains why there has been few public demands for political participation.[19] In the West, the question of "no taxation without representation" is behind the formula that ties the government's need to raise revenue through public taxation with the public right to constrain the government through elections and governmental accountability before the legislative branch. In the words of Bill and Springborg "low rates of taxation and the absence of effective formal institutions of political participation both testify to the wide gap between state and society."[20]

As long as the exercise of political power did not cause too many economic hardships, few people questioned the authoritarian nature of many of the Middle Eastern regimes. This political apathy enabled the ruling elites to exercise their authority unconstrained by popular pressure. However, as the section on the economic challenge indicates, the extension of material rewards alone is insufficient to sustain governmental legitimacy. Mounting poverty, unemployment, demographic serge, lack of capital, and economic recession, whether resulting from strains in the economy or from interstate political conflicts, constrain the capacity of many Middle Eastern governments to meet the material needs of the people.

As the ruling elite have to ultimately take up the reduction of governmental spending, governmental subsidies, the downsizing of the public sector, and the cutback of social services, it is necessary for them to have active public support for policy implementation. Public acceptance and legitimization of governmental actions require mass political participation, free elections, and governmental accountability. As Table 1 clearly indicates, with very few exceptions, the Middle Eastern regimes are not democratic but are either autocratic or oligarchic. The net result is that public support for governmental austere economic policies has been questionable.

ETHNICITY AND NATIONALISM

A second source of challenge to the political power and legitimacy of several Middle Eastern state systems stems from the presence of marginalized and disgruntled ethnic and religious groups, who are divided across, rather than within, national boundaries. With the exception of Algeria, Tunisia, and Libya, the rest of the Middle Eastern countries have sizable ethnic groups as part of their population. Table 2 suggests that 22 out of the 25 countries have a noticeable proportion of their population that belongs to different ethnic or religious groups. The Table indicates that in some countries, such as Sudan, Cyprus, and Israel, the ethnic demarcations coincide with religious divisions, while in Iraq, Syria, and Bahrain, minority religious groups are in control of the government.

The Table also reveals that the Gulf countries have a significant number of Asian workers ranging from 50% of the United Arab Emirates (UAE) population, to 13% of Bahrain, 10% of Saudi Arabia, and 9% of Kuwait The table also shows the distribution of the Kurdish and Shi'a communities among several Middle Eastern countries. The Kurds comprise 20%, 17%, 10%, and 5% of the population of Turkey, Iraq, Syria, and Iran. Table 2 also indicates that the Shi'a are dispersed across several state boundaries and that they make up 93% of Iran's population and is the majority in Iraq and Bahrain. A considerable proportion of Shi'a minorities also exist in Lebanon, Saudi Arabia, Kuwait, the United Arab Emirates, Oman, and Syria.

Table 2. Religious and Ethnic Groups in Middle East Countries

	Religious Groups						Largest Ethnic Group		Minority Ethnic Groups			
	Shi'a Muslim	Sunni Muslim	Ibadhi Muslim	Other Muslim Groups	Christian	Jew						
Afghanistan	15	84					38	Pashtun	25	Tajik	19	Hazara
Algeria		99					99	Berber				
Bahrain	75	25					63	Bahraini	13 10	Arab Asian	8	Persian
Comoros		86			14 (1)							
Cyprus				18 (2)	78 (3)		78	Greeks	18	Turkish		
Djibouti				94	6		60	Somali	35	Afar		
Egypt		94			6		99	Egyptian				
Iran	89	10					51	Persian	8	Gilaki	5	Kurds
Iraq	63	34			3		80	Arab	17	Kurds		
Israel		14			2	82	82	Jews	18	Arab		
Jordan		92			8		49	Palest				
Kuwait	30	45		10			45	Kuwaiti	35 9	Arab (from other Countries) Asian		
Lebanon	23	30		70	30		10	Palest				
Libya		97					97	Berber				
Mauritania				100			40	Maur/ Black	30	Maur	30	Black
Morocco				98.7	0.2		99.1	Berber				
Oman		13	75				75	Arab				
Qatar				95			40	Arab	10	Persian		
Saudi Arabia	15	85					90	Arab	10	Asian		
Somalia		100					85	Somali	10	Arab		
Sudan		70					52	Black	39	Arab		
Syria		74		16			90.3	Arab	9.7	Kurds		
Tunisia				98			98	Berber				
Turkey		99.8					80	Turkish	20	Kurds		
UAE	16	80					23	Arab	50	Emiri	19	Asian
Yemen				80	2		80	Arab				

Notes. 1 Roman Catholics. 2 In northern Cyprus, the Turkish Group. 3. Greek Orthodox Source: CIA *World Factbook*, 1997

In the opinion of many scholars, the inconsistency between state geographic boundaries and ethnic and religious lines resulted in the outbreak of a number of civil conflicts In the Middle East.[21] Although the constitutions of many of the Middle Eastern states do not use ethnicity and religion to define the rights and the obligations of the citizens or to differentiate among them on ethnic and religious grounds, many of the multi-ethnic Middle Eastern countries such as Iraq, Turkey, Iran, Israel, Afghanistan, Cyprus, and Sudan have used invariably these primordial and group traits to relegate their ethnic, religious, and geographic minorities to a subordinate economic, political, and social position. These governments oppose granting meaningful political concessions to their ethnic groups, as they fear that any loosening of their control over the country will split the society into competing factions They insist upon maintaining a powerful central government that can preserve public order, political unity, and national security.

In this connection, the Sudanese, Iraqi, and the Turkish governments fear that the non Arab minorities in Southern Sudan and the Kurdish quest for autonomy in both Iraq and turkey increases the potential for the breakup of these countries.[22] For the Iraqi rulers, the seriousness of the Kurdish rebellion also lies in the fact that the area of Kurdistan contains fertile lands and two-thirds of the country's oil fields and reserves. Likewise, Saudi Arabia and the other Gulf States developed a feeling of mistrust about their Shi'a minority population following the Iranian Islamic revolution and the transnational links between the Shi'a minorities and Iran and the recourse of some radical Shi'a groups to violence to achieve their goals.[23]

Many of the ethnic groups articulate demands, which sharply differ from those of their government's. They call for a new social contract that would recognize their particular religion, language, culture, and that would redistribute political power and economic resources to redress existing inequities. In this connection, the Southern Sudanese and the Kurds demand political autonomy and recognition of their separate ethnic identity, while the Shi'a, put forward demands for democratization and equal political representation in their particular state of residence.[24]

The seriousness of the ethnic challenge is well exemplified by the breakdown of the political systems in Afghanistan, Sudan, Somalia, and Lebanon. Since 1978, Afghanistan has been experiencing domestic violence among the four main ethnic groups (Pashtuns, Tajiks, Uzbeks, and Hazaras) that comprise the country[25] The coup and counter-coup in Afghanistan in the late 1970s also lured the Soviet Union to invade that state and prompted the United States, Saudi Arabia, Pakistan, and Egypt to extend economic, military, and political support to the Afghan rebels. Although the Soviet hegemonic design eventually failed, Afghanistan was left with a ruined infrastructure and ongoing factional infighting sustained by outside rival powers including Tajikistan, Uzbekistan, Russia, Iran, Pakistan, India, Saudi Arabia, and the United States.[26]

Since its independence, Sudan too has endured incessant internal discord and division over the place of ethnicity, language, and religion in the determination of one's membership in the country's political life[27] The Sudanese central government has been reluctant to grant the 30% ethnic and religious minorities who reside mainly in the southern parts of the country, complete self-autonomy, fearing that a step of this sort would undermine the Arab-Islamic character of Sudan, its political stability, and territorial integrity. The State of Somalia also was dismantled by a bloody civil war.[28] The collapse of this African country originated in the ethnic-nationalist divisions and anxieties, the presence of incompetent political elite, ineffective and autocratic governmental institutions, combating local tribes, as well as the intrusion of outside powers. The diverse Lebanese religious groups also posed a serious challenge to the state The deep-seated social, economic, and religious cleavages among the Lebanese resulted in the outbreak of a bloody civil war between 1975 and 1991.

THE DEMOGRAPHIC CHALLENGE

The third challenge to the Middle Eastern states is rooted in the serious demographic surge. As Table 3 suggests the demographic challenge is characterized by three main features First, 40% of the population of the Middle Eastern countries in 1996 was below the age of 14. This large proportion of young population is above the average for the other regions of the world and is only 5% lower than that of the Sub-Saharan African countries. In many Middle Eastern countries, 60% or more of the population are below the age of 25 This demographic reality creates a generation gap between the bulk of the young population and its aging political leadership With the exception of the recent succession to the throne of young leaders in Bahrain, Jordan, Morocco, and Qatar, the rulers of the vast majority of the Middle Eastern countries are in their 60s and 70s and many of them have been in power for more than a decade and a half. Given this generational gap, the young population does not share the political experience of its rulers nor does it view itself heavily invested in their historical legitimacy, nor sees those leaders embodying their political aspirations Moreover, the high percentage of young people places additional strain upon the overburdened educational system, the housing sector, and the labor market [29]

The second feature indicates that there has been a significant improvement in the life expectancy among the Middle Eastern countries As more people live longer, additional stresses are created upon the financial resources of the Middle Eastern states. Those countries have to provide more services in terms of health care, social security, nursing care, and even employment opportunities for an ever-growing aging population. As Table 3 shows, this increase in the life expectancy, however, is uneven varying from one group of countries to another. The low-income states such as Yemen, Sudan, Mauritania, Djibouti, and Somalia, have a life expectancy at birth of less than 54 years The middle-income group, which includes Syria, Tunisia, Jordan, Iraq, Lebanon, Algeria, Egypt, Morocco, Iran, and Turkey, has a life expectancy of 68 years. The upper-income countries such as Kuwait, Qatar, Bahrain, UAE, Saudi Arabia, Oman, and Israel have a life expectancy of above 72 years

The third conclusion suggests that the Middle Eastern countries have experienced high birth rate With the exception of the Sub-Saharan African countries, the annual population growth of the Middle Eastern states is the highest in the world. Table 3 suggests that in the first half of the 1980s, the Middle East has the world's highest birth rate with 3 2 compared to 1.5, 2.2, and 2 4, for East Asia and the Pacific, Latin America, and South Asia respectively This high birth rate is reflected in the increase of the total population of the region from 165 million in 1962 to 270 million in 1980 and 415 million in 1996.

Stated differently, the population of the Middle Eastern countries has increased, on average, by 250% in about three decades.

Table 3. Quality of Life Indicators

	Life expectancy at birth (years)			Population aged 0-14 (% of total)			Population growth (annual %)			Population (X1000)		
	1962	1980	1996	1965	1980	1996	1962	1980	1996	1962	1980	1996
Bahrain	57	68	73	57	35	31	3 8	4 6	3 7	161	334	599
Kuwait	61	71	77	54	40	37	10 3	5 9	2 8	331	1375	1590
Libya	48	57	68	49	47	42	3 6	4 4	2 4	1449	3043	5167
Oman	41	60	71	47	45	48	2 5	5 4	1 8	590	1101	2173
Qatar	55	67	72	45	32	27	8 9	7 5	2 5	54	229	658
Saudi Arabia	46	61	70	48	44	42	3 3	5 5	2 2	4365	9372	19409
United Arab Emirates	55	68	75	44	29	28	5 4	9 7	2 9	103	1043	2532
Afghanistan	34	40	45	44	43	44	2 0	2 6	2 9	10422	15950	24167
Algeria	48	59	70	50	46	37	1 7	3 1	2 2	11142	18669	28734
Comoros	43	50	59		48	47			2 5		335	505
Cyprus	69	75	77	35	24	26	0 3	0 1	1 0	577	611	740
Djibouti	37	44	50	50	44	41	5 0	6 6	2 9	91	281	619
Egypt	47	56	65	47	40	37	2 4	2 5	1 9	27145	40875	59272
Iran	51	60	70	50	45	40	2 7	3 4	2 1	22724	39124	62509
Iraq	50	62	62	51	46	42	3 0	3 3	2 8	7273	13007	21366
Israel	72	73	77	39	33	29	4 8	2 4	2 6	2293	3878	5692
Jordan			71	54	49	41	5 6	3 8	2 7	943	2181	4312
Lebanon	61	65	70	48	40	34	3 0	1 0	1 8	2088	3002 4	4079
Mauritania	39	47	53	45	44	43	2 0	2 5	2 5	1031	1551	2333
Morocco	48	58	66	50	43	36	2 7	2 2	1 9	12237	19382	27020
Somalia	37	43	49	48	46	47	2 2	4 0	3 3	3940	6713	9806
Sudan	40	48	54	47	45	41	2 0	3 0	2 1	11616	18681	27272
Syria	51	62	69	54	48	44	3 1	3 3	2 7	4862	8704	14502
Tunisia	50	62	70	49	42	34	1 7	2 7	1 6	4351	6384	9132
Turkey	52	61	69	45	39	31	2 5	2 2	1 7	28949	44484	62697
West Bank and Gaza			68			45	0 6	1 0	5 8	1172	1195	2279
Yemen	38	49	54	46	50	48	2 3	3 9	3 3	5498	8538	15778
Oil Producing States	52	65	72	49	43	41	5 4	6 2	2 6	7053(1)	16497	32127
Non Oil Producing States	48	56	63	50	45	38	2 6	2 8	2 5	158354	253545	382811
East Asia & Pacific	52	65	68	44	37	28		1 5	1 2	911188	1359400	1732500

Latin America & Caribbean	57	65	70	47	39	33		2.2	1.6	228514	358220	485810
Middle East & North Africa	48	59	67	48	44	40		3.2	1.9	106318	175380	276330
South Asia	45	54	62	44	40	36		2.4	1.8	588258	902440	1265800
Sub-Saharan Africa	41	48	52	48	45	45		3.1	2.8	233775	378520	596410

Note The total does not include the population of Comoros

During those years, the population of the Gulf oil producing countries increased 457%. Indeed, the birth rate among these states in the 1980s reached a new alarming level of 6.2. It ranged from 4.4% in Libya to 9 7% in the United Arab Emirates. Fortunately for the Gulf countries, the birth rate dropped to 2.6 in 1996 and ranged from 1.8% in Oman to 3 7% in Bahrain. The average birth rate for the Middle Income and the Lower Income countries for 1980 and 1996 was 2.7, 1.9, 3.8 and 2.8 respectively. It ranged from 2.5 in Mauritania to 6.6 in Djibouti for 1980 and from 3.3 for Somalia and Yemen to 2 1 in Sudan in 1996. While there was a general decline in the average birth rate for the Middle Eastern countries by 1996, Israel, Cyprus, Lebanon, and the Palestinian territory of the West Bank and the Gaza Strip experienced an increase in their birth rate between 1980 and 1996.

The decline in infant mortality rate, the overall improvement of health standards, and the increase in life expectancy are likely to sustain the current population growth in the region. This population growth rate will further be maintained by the fact that fertility rate is still above replacement level and that many Middle Eastern women are entering their childbearing years. It should be noted that the total fertility rate of six children for the average Middle Eastern woman is still among the highest in the world.

This rate of population growth has serious economic and political ramifications for the Middle Eastern states As the section on unemployment below demonstrates, population growth contributes to rising unemployment among the young The literature on Islamic resurgence in the Middle East and the rise of right-wing political parties in Europe amply shows that unemployment among the young is likely to attract them to extremist social and political movements. Population growth is a so likely to compel the various states to divert capital away from improving labor productivity and economic development to building more houses, schools, sewage and water systems, meeting the soaring demand for food and water, and creating jobs for the ever growing number of young people. The surge in the population of the Middle East is also associated with the growth of large cities and poor urban centers with unwelcome consequences of draining investment capital, straining the administrative capacity of the state, and generating urban violence and widespread poverty

THE ECONOMIC CHALLENGE

The Middle Eastern states and, to a lesser degree, the rich oil producing countries face a host of serious economic problems ranging from insufficiency of food resources, capital shortages, rising unemployment, and vast external debts. These countries have not been able to attract significant foreign investment or to reduce their military budgets. Most of these countries also experienced substantial demographic surge.[30] The Middle East as a whole also suffers from uneven regional economic growth, the state's mismanagement of the economy, economic corruption, and economic dependency.

The formation of regional trading blocs such as the North American Free Trade Agreement and the European Community, together with the emergence of multilateralism as an approach to international issues, and the redistribution of power capabilities in the international system in the 1990s created additional economic challenges and complications for the Middle East. The political conditions of fear and suspicion among the Arab states, the Arab-Israeli conflict, the perennial tension between Syria, Iraq, and Turkey, and the animosity between Iran and its Arab neighbors have in the past inhibited the formation of a Middle Eastern trading regime and reduced the incentives for interstate cooperation. The interstate trade among the countries of the Middle East is at a low level of around 6% and many economic barriers among these countries continue to exist.

THE INEQUALITY OF ECONOMIC DEVELOPMENT

By comparison to the Latin American, East Asian, and East European economies, the per capita growth rate of the economy of the Middle Eastern countries has been slow and uneven. Leading Middle Eastern economists such as Alan Richards and Ibrahim Oweiss attribute this economic slump to the 1990 world recession, the decline in the price of oil, the failure of the public sector, the slow process in adopting structural economic reforms, and the strain of Arab financial resources in the wake of the Gulf War. In this connection, Oweiss maintains that the unevenness in the economic growth is manifested in the presence of three economic groupings of states: the low-income, middle-income, and the upper-income.

The low-income states such as Afghanistan, Yemen, Sudan, Mauritania, Djibouti, and Somalia, have adult illiteracy of 60% to 81%, and a per capita income of less than $900.[31] These countries also suffer from low labor force productivity, scarce financial and natural resources, crude technology, lack of training, and research facilities. In addition, they experience a series of social problems including malnourishment, widespread poverty, famine, diseases, epidemics, poor health condition and domestic violence.[32]

Oweiss's middle-income group includes Syria, Tunisia, Jordan, Iraq, Lebanon, Algeria, Egypt, and Morocco. This group of states has an adult illiteracy between 20% and 50%, and per capita income between $1000 and $2700.[33] Although in the 1990s many of these states adopted structural reforms and a policy of privatization and economic liberalization, their economies continue to face serious challenges Such challenges include 20% unemployment, budget and balance of payments deficits, declining national revenues, severe shortages in housing, and a drop in workers' remittances In addition, these countries have accumulated enormous external debts

Oweiss's third category of states refers to the upper income countries of Kuwait, Qatar, Bahrain, UAE, Saudi Arabia, Oman, and Libya These countries rely upon oil as the primary revenue. Until the Gulf war in 1991 and the overall drop in the price of oil, these states did not incur external debts The main challenge for these rich states is how to adjust their budgets to correspond with the fluctuations in the price of oil.[34] Indeed, the drop in the price of oil and the decline in the world demands for oil after the second half of the 1980s, the financial burden of the Gulf War, Iraq's resumption of limited oil export, and the increase in oil production from the former Soviet Union have exacerbated the financial difficulties of the Gulf countries and forced them to rely more on domestic revenue sources and in some cases to resort to foreign borrowing.[35] In this connection, Saudi Arabia is reported to have $60 billion in foreign debt

EXTERNAL INDEBTEDNESS

The accumulation of vast external debts is another aspect of the economic challenge that faces the Middle Eastern states. The amassing of large external debts has not been only confined to the poor Middle Eastern countries, as the oil producing states have been experiencing a monetary crisis, dramatic decline in per capita income, and increased external debt. The mounting Middle East foreign debts have resulted from a number of internal and external economic forces and developments. Governmental overspending and the allocation of a large proportion of the GDP to central government consumption are major contributors to external indebtedness. As Table 10 below shows, on average, the Middle Eastern region has dispensed 19% of its GDP on governmental consumption between 1980 and 1996. The policy of generous economic allocation such as food subsidies and services has also contributed to budget deficit and foreign borrowing

In addition to governmental consumption, the overvaluation of local currencies, a general reduction of tariffs, limited governmental economic liberalization, and the modest steps to stimulate the private sector in the 1970s and the 1980s favored imports over exports and led to a consumption spree and consumerism. Moreover, many countries tried to allocate more financial resources for economic domestic investment than available domestic savings, resulting in a resource gap in percentage terms considerably larger than that for other developing countries. This large resource gap was filled for the most part with continued foreign borrowing and with aid from the United States, the European Economic Community, and the Arab Gulf oil producing states

Still, another reason for external indebtedness is rooted in the fact that the Middle Eastern region spends more than the other regions of the world on the military As Table 11 below indicates, the Middle Eastern countries dispensed between 1980 and 1996, on average, 5.5% of their total import on military purchases, the equivalence of 20% of their central budget or 6.3% of their GNP. The outbreak of several civil wars in a number of Middle Eastern countries, the numerous Arab-Israeli wars, the Iraq-Iran war, Iraq's invasion of Kuwait and the resulting Gulf war, inter-Arab divisions and rivalries, and conflicts with non-Arab states like Iran, Turkey, and Ethiopia have fueled a bitter race for the acquisition of highly advanced weapons. This heightened sense of the security dilemma prompted the Middle Eastern countries, poor and rich alike, to borrow money to satisfy their growing appetite for advanced weapons.

The net effect of these factors is the accumulation of a large foreign debt by the Middle Eastern countries. Most of the Middle Eastern debt peaked in 1990 and 1991. The two exceptions are Egypt, whose debt reached a high point of 124% of its GNP in 1986; and Mauritania, at 244% in 1993. After 1991, the level of Middle Eastern indebtedness has declined.

Table 4. External Debt Per GNP

	1980	1984	1988	1992	1996
Oman	11 2	20 9	44 8		
Algena	47 1	30 9	45 8	57 6	76 7
Comoros	35 5	98 0	96 8	70 3	89 4
Djibouti				40 0	
Egypt	89 2	112 6	131 6	75 5	46 3
Iran	4 8	3 2	4 6	14 7	14 9
Jordan	48 4	64 9	99 0	160 7	113 0
Lebanon				31 2	30 1
Mauritania	125 5	193 5	231 4	186 8	227 7
Morocco	50 7	112 2	98 3	78 8	61 1
Somalia	109 5	201 3	213 4		
Sudan	77 4	102 6	116 6	260 4	
Syria	27 2	49 3	163 2	144 8	130 5
Tunisia	41 7	51 2	70 8	57 5	53 6
Turkey	27 4	35 7	45 1	35 2	43 4
Yemen				123 5	120 2
Non Oil Producing Countries	45 6	70 4	87 8	89 1	83 9
Middle East & North Africa	18 3	24 0	41 2	38 6	
East Asia & Pacific	15 9	22 6	30 9	35 3	31 1
Europe & Central Asia			16 5	24 0	33 2
Latin America & Caribbean	35 0	59 8	53 6	40 1	36 2
South Asia	17 3	22 6	28 9	43 0	32 1
Sub-Saharan Africa	22 8	44 1	63 0	68 0	77 8

Source: *World Development Indicators, 1998*, published by the World Bank.

Despite this drop, the Middle Eastern non-oil producing countries registered the world's second highest level of indebtedness. As Table 4 shows, by comparison to other regions of the world, the Middle East has higher external debt per GNP than Latin America, South Asia, and the Far East and was only next to Sub-Saharan Africa (76.6% to 77.2%). Because of the term of the loans, the debt service of some of these states occupies a significant proportion of their GNP. For instance in 1996, the external debt for Algeria was at 10% of its GNP, Jordan at 9% and Mauritania at 12%.

Table 5. Description of Aid Received by Middle East Countries from 1980 to 1996 (in Current Million US Dollars)

	1980	1984	1988	1992	1996
Bahrain	155 8	199 3	-2 7	65 2	5 4
Kuwait				2 4	3 1
Libya	16 5	4 9	5 5	6 4	9 9
Oman	167 8	66 7	0 6	37 4	61 6
Qatar				2 1	1 4
Saudi Arabia	15 4	35 5	19 3	55 4	28 5
UAE				-8 3	8 4
Afghanistan	32 1	6 7	72 3	204 4	228 4
Algeria	175 9	121 6	171 9	406 4	309 0
Comoros	43 2	41 1	51 8	48 7	40 0
Cyprus				26 4	30 2
Djibouti	72 8	101 8	92 8	113 1	97 4
Egypt	1386 8	1775 1	1540 0	3603 5	2211 8
Iran	30 8	12 9	81 5	106 6	171 0
Iraq	8 5	3 8	9 7	139 8	387 4
Israel				2065 8	2216 7
Jordan	1275 8	687 0	416 5	425 2	513 7
Lebanon	237 0	77 0	140 6	123 5	232 8
Mauritania	176 0	173 7	187 4	202 1	273 6
Morocco	897 4	341 0	481 8	947 0	650 8
Somalia	433 3	350 0	433 1	653 5	91 1
Sudan	624 3	618 7	937 9	549 6	230 3
Syria	1696 1	640 9	191 2	197 4	225 3
Tunisia	232 3	178 0	317 5	390 3	126 4
Turkey	952 5	241 7	268 0	268 8	232 5
West Bank					592 7
Yemen	571 5	425 6	303 9	256 2	260 4
Oil Producing Countries	88 9	76 6	5 7	22 9	16 9
Non Oil Producing Countries	520 4	341 0	335 2	564 6	456 1

Source: *World Development Indicators, 1998* The World Bank.

THE SHORTAGE OF CAPITAL

Another dimension of the economic challenge to political power and the effectiveness of many Middle Eastern states is the insufficiency of capital. The scarcity of capital has been the result of the reduction in the flow of foreign assistance, the drop in worker remittances, and the low level of foreign investment. With the exception of Libya and the rich Arab Gulf countries, the Middle Eastern states are dependent upon foreign assistance. These countries have secured $126 billion from official foreign sources between 1980 and 1996. As indicated in Table 5, the amount of foreign aid, however, has been unevenly distributed.

For instance in 1996, Egypt, Israel, and Jordan secured 54% of the aid to the Middle East region, which was an increase from the 30% they received in 1980. The three countries also captured around 60% of the total aid given to the Middle East region for the period 1980-1996.[36] The share of the rest of the aid receiving countries in 1996 averaged around $245 million, a decline from the 70% they obtained in 1980. This decline resulted from falling oil prices starting in the mid-1980s.

The inter-Arab disputes and the drop in the price of oil between 1985 and 1999 have been behind the decrease in the flow of foreign aid to the poorer Middle Eastern countries. The end of the Cold War and the demise of the Soviet Union also lessened the value of many Middle Eastern countries to the West. This situation produced additional retraction of foreign assistance to the region and compounded further the economic misfortunes of the poorer Middle Eastern states. With the exception of the aid to each of Jordan, Egypt, Israel, and the Palestinians, there has been a sharp reduction of assistance to the Middle East by comparison to the other regions of the world. As Table 6 suggests, between 1991 and 1996, East Asia and Latin America received increased aid of 10% and 37% respectively. The Sub-Sahara region experienced a slight decrease of 5%, while South Asia has received 30% less, and the Middle Eastern countries have a 48% cut in foreign assistance.

Table 6. Foreign Aid (Current Million US$)

	1991	1992	1993	1994	1995	1996
Asia	7541	9974	9433	9667	10241	8360
Eastern Europe	8890	8379	9742	9965	11863	8938
Latin America	5850	5434	5469	6062	6706	8025
South Asia	8114	6720	5337	7192	5359	5500
Sub-Saharan Africa	18207	19647	17725	19609	19033	17300
Middle East	10312	7043	5421	6581	5005	5343

WORKERS' REMITTANCES

In addition to the reduction in foreign aid, the shortage of capital for a number of Middle Eastern governments has resulted from the sharp decline in the workers' remittances or cash flows from Arab workers working in the Gulf region. Countries like Yemen, Lebanon, Jordan, Sudan, Tunisia, and Egypt experience a variation in the flow of workers' remittances through time. In this regard, workers' remittance to Lebanon dropped from almost half of its GNP to 19% in the course of eight years. There is also a wide discrepancy among the Middle Eastern countries' reliance upon workers' remittance As it is indicated in Table 7, Egypt, Jordan, Lebanon and Yemen have received over 10% of their GNP at any time since 1980 from workers working in the Gulf region. Other countries like Somalia, Mauritania, Morocco, Algeria, Turkey, Tunisia, and Djibouti are considerably less reliant on this type of income. Still other states such as Cyprus, Syria, Israel, Iran, Iraq, Libya, and the Gulf Oil producing countries do not rely upon workers' remittances.

Table 7 Proportion of GNP from Workers Remittance

	1980	1984	1988	1992	1996
Oman	0.7	0.6	0.6		
Algeria	1.0	0.6	0.7	1.8	2.4
Comoros	1.3	2.0	3.6	6.0	7.4
Cyprus	0.0	0.0	1.6		
Djibouti				0.3	
Egypt	12.6	13.8	9.5	13.3	4.1
Jordan	14.6	23.8	15.4	17.3	21.5
Lebanon				34.8	18.8
Mauritania	0.8	0.1	1.1	4.5	0.6
Morocco	5.8	7.2	6.2	8.0	5.6
Somalia	9.5	0.0	0.0		
Sudan	3.1	4.8	4.5	1.6	
Tunisia	3.8	4.0	5.2	3.6	4.0
Turkey	3.0	3.0	2.0	1.9	1.9
Yemen				19.1	21.5

Source: *World Development Indicators, 1998*, World Bank
Blanks indicate missing data

Like foreign assistance, the flow of remittances is subject to political and economic considerations. In the 1970s and the 1980s, these remittances furnished a large portion of public revenue for the labor exporting countries For example, between 1973 and 1987, remittances covered 30% of imports for Egypt and Jordan and 60% of imports for the Yemen Arab Republic. The drop in oil prices in the mid-1980s sharply reduced the amount of worker remittances, and led to the shrinkage of the labor market in the Gulf region. The 1991 Gulf War also dealt a heavy blow to the flow of remittances from the Gulf States to several poor Middle Eastern countries. Because of that war, hundreds of thousands of workers lost their jobs in the Gulf region.

FOREIGN INVESTMENT

The low level of foreign investment is another contributing factor to the scarcity of capital among the non-oil producing states in the Middle East. In contrast to Europe, East Asia, Eastern Europe, and Latin America, the Middle East is not an attractive market for foreign investors. The level of investment has been consistently low by comparison to these other regions. The flow of foreign investment is also uneven among the countries of the Middle East. Though some

Table 8. Gross Foreign Direct Investment in Middle East Countries (as Percentage of GDP)

	1980	1984	1988	1992	1995
Bahrain	10 75	3 23	3 88	0 12	0 30
Kuwait	1 80	0 46	1 72	4 99	1 73
Oman	2 90	2 14	0 76	0 61	0 22
Saudi Arabia	3 04	5 14	0 25	0 05	1 00
Algeria	0 67	0 02	0 02		
Comoros	0 00	0 00	0 52	0 18	0 10
Cyprus	2 34	1 02	0 73	1 02	
Egypt	1 31	1 16	1 15	0 35	0 43
Iran	0 00	0 00	0 00	0 00	0 01
Israel	0 19	0 21	0 52	1 65	2 21
Jordan	0 77	1 17	0 24	0 39	0 28
Mauritania	1 59	0 44	0 10	0 22	0 17
Morocco	0 29	0 12	0 14	0 61	0 37
Syria	0 00	0 00	0 00	0 00	0 23
Tunisia	1 80	0 61	0 23	1 44	0 66
Turkey	0 02	0 08	0 15	0 31	0 29
Yemen				7 06	1 78
Average of Oil Producing Countries	4 62	2 74	1 65	1 44	0 81
Average of Non Oil Producing Countries	0 75	0 40	0 32	1 10	0 59

Source *World Development Indicators, 1998*, World Bank
Blanks are missing data

of the non-oil producing countries like Egypt and Jordan have obtained foreign direct investment averaging at about 1% of their GDP in the early 1980s, these foreign ventures did not come close to the 4% direct foreign investment of the GDP of the oil producing countries. During the second half of the 1980s, a steady decline in the level of foreign investment to the Middle East began to take place. As Table 8 shows, this decline continued in the 1990s where in 1995 it dropped to less than 1% of the GDP of the oil producing countries and 0.4% of the GDP of the non-oil producing countries.

As Table 9 below shows, though Egypt was the favored place to receive foreign direct investment in the 1980s, by the 1990s, the amounts of foreign investment flowing in to Israel, Turkey, and Tunisia surpassed those flowing into Egypt Indeed, following the signing of the Oslo Peace Accord with the Palestinians in 1993, the flow of direct foreign investment to Israel increased to 2.2% of its GDP. Few of the Middle Eastern states, however, attract above $100 million US foreign direct investment. In 1996, these countries included Egypt, Israel, Morocco, Tunisia, Turkey, and Yemen.

Table 9. Net Inflows of Foreign direct investment (current Million US$)

	1980	1984	1988	1992	1996
Algeria	349	1	13	12	4
Comoros			4	-1	2
Cyprus	85	53	52	107	
Djibouti				2	5
Egypt	548	729	1190	459	636
Iran		43	61		10
Israel	51	53	235	539	2110
Jordan	34	78	24	41	16
Lebanon		5		4	80
Mauritania	27	9	2	8	5
Morocco	89	47	85	422	311
Oman	98	158	92	104	67
Somalia		-15	-43		
Sudan		9			
Syria			121		89
Tunisia	235	113	61	526	320
Turkey	18	113	354	844	722
Yemen	34	7		714	100

Source: *World Development Indicators, 1998*, World Bank.
Blanks are missing data

UNEMPLOYMENT

Unemployment is another facet of the economic challenge that threatens to undermine the political stability of several states in the Middle East.[37] With an annual 3% increase, the labor force in several parts of the Middle East is growing at a faster pace than the demand for workers. According to Alan Richards, the rate of growth of the Middle Eastern labor force is greater than any other region of the developing world. He estimates that by the early years of the 21st century, the work force of the region is likely to increase by 36%—or 20 million new workers.

A combination of inter-related developments has been fueling the present unemployment in the region. Unlike the 1970s and the 1980s when employment by the government and labor migration to the Gulf states accounted for 70 to 80% of the new jobs in the non-oil producing states, in the 1990s, governmental employment and labor migration have slowed down significantly Moreover, the decline in oil prices in the 1980s and the 1990s and the termination of the Iran-Iraq War shrank the Gulf countries' demand for foreign labor. The Gulf War also created massive unemployment in some of the labor exporting countries. Approximately 200,000 and 900,000 workers returned to Jordan and Yemen respectively. The influx of this substantial number of migrant workers strained housing and job markets in both countries. The poor economic planning and slow economic growth of many Middle Eastern countries has also held up the demand for new workers.

In addition to these economic forces, demographic factors are likely to further intensify the problem of unemployment. The high rate of population growth in the 1980s of many Middle East countries will put more and more young men on the job market. Likewise, the increase in the number of educated women demanding employment will bring additional pressure upon the labor markets of various countries in the Middle East. As Alan Richards remarks, rather than improving the already existing jobs and investing in developmental projects, the rising unemployment will compel the Middle Eastern governments to divert the scarce capital for the creation of new jobs to absorb the growing number of the unemployed.

GOVERNMENTAL ECONOMIC AND MILITARY SPENDING

Part of the economic challenge to the effectiveness and power of the Middle Eastern states can also be observed in the problem of overspending Table 10 shows that a large proportion of the GDP of the Middle Eastern countries is allocated to central governmental consumption On average, the Middle Eastern region has dispensed 19% of its GDP on governmental consumption between 1980 and 1996 The average spending for the rich oil producing countries was higher than the regional average with 26% during the same period while the non-oil producing states expended 18% of their GDP. The other regions of the world have disbursed much less on governmental projects. For example, between 1980 and 1996, Eastern Europe and Central Asia and

Sub-Saharan Africa expended on average 15% of their GDP, while East Asia spent 12% and Latin America and South Asia disbursed 11% each

Table 10 Central Government Expenditures as % of GDP

Country	1980	1984	1988	1992	1996
Bahrain	13	20 6	26 2	25 9	
Kuwait	11 2	20 9	26 3	55 5	
Libya	21 8				
Oman	25	26 5	32 7	31 4	
Saudi Arabia	15 7	34 4	34 2	32 3	
United Arab Emirates	10 9	17 4	21 5	17 7	
Algeria	13 8	15	18 7	17 2	14 2
Comoros	30 9	28 3	27 1	21	19 1
Cyprus	13 7	14 1	16 7	19 1	
Djibouti				44 2	33 5
Egypt, Arab Rep	15 7	18	13 9	10 4	10 4
Iran, Islamic Rep	20 8	14 8	14 3	10 4	
Israel	38 6	36	29 7	26 7	
Jordan	28 8	27	26 7	22 6	23 2
Lebanon				14 8	15 4
Mauritania	25 3	17 2	11	10 4	13 9
Morocco	18 3	15 6	15 4	16 4	16 4
Somalia	15 6	17			
Sudan	16	9 7	12 3		
Syrian Arab Republic	23 2	24 5	13 2		
Tunisia	14 5	16 9	16 6	16	16 3
Turkey	11 6	8 3	7 6	12 9	11 6
Yemen, Rep				20 3	14 5
Oil Producing Countries in Middle East	16 3	24 0	28 2	32 6	
Non Oil Producing Countries in Middle East	20 5	18 7	17 2	18 7	17 1
Regional Comparison					
East Asia & Pacific	13 6	13 2	11 1	11 9	10 6
Europe & Central Asia	12 8	13 1	14 5	16 2	14 8
Latin America	10 4	10	10 3	11 5	12 3
South Asia	9 4	10 4	12 3	11 4	10 9
Sub-Saharan Africa	14 2	15 4	15 9	17 2	15 3
Middle East & North Africa	18 4	20 1	19 9	17 4	

NOTE Blank cells indicate missing data

The Middle Eastern region also spends more than the other regions of the world on the military. Between 1980 and 1996, the Middle Eastern countries dispensed on average 5.5% of their total import on military purchases. By contrast, Latin America, East Asia (excluding China), South Asia, and Eastern Europe appropriated out of their total import bill 0.7, 1 4, 1.6, and 0.5 to military imports for the same period. The economic burden of the military can also be observed in the allocation of a high proportion of the budgets and the GNP to military expenditure. As Table 11 reveals, on average, a Middle Eastern country spends 20% of its central government budget and 6 3% of its GNP on the armed forces By contrast, Latin America, East Asia (excluding China), South Asia, and Eastern Europe expend on average 3% of their GNP on military expenditure. While it is of no surprise that the oil producing states devote higher proportions of their financial resources to the military, the non-oil producing countries maintain higher averages than the other regions of the world. These states disperse on average 16.4% and 4.9% of their budgets and GNP on the military.

The economic encumbrance of the Middle Eastern military is further manifested in the number of men conscripted in the Armed Forces. According to Table 11, on average, 3.7% of the Middle Eastern labor force serves in the military, with countries like Jordan, Israel, Syria, and Iraq employing between 7% and 10% of their total labor force in the army. In contrast, the Latin American and South Asian military employs 0.9% and 0.8% of their labor force while the Eastern European military employs 1.9% of its work force. In absolute numbers, the Middle Eastern countries have a military force that supercedes other regions. With 3.7 million armed men, it is larger than that of East Asian countries (3.6 million, excluding the 2 million Chinese army), South Asia (2.1 million) Latin America (with 1.2 million), or Eastern Europe (less than a million).

CONCLUDING OBSERVATIONS

In this study, we have tried to describe four of the challenges that face the Middle Eastern countries. Our article has demonstrated that by comparison to the Latin American, East Asian, South Asian, and East European economies, the Middle Eastern states have uneven regional socioeconomic development, lower level of economic growth, substantial demographic increase, capital shortages, rising unemployment, greater external debts per GNP, insufficiency of foreign investment, and higher public consumption and military budgets. These states also have been trailing behind the other regions in developing efficient institutions, rules, and norms that would have enabled them to provide collective goods and services to the citizens and cope with the demands of a growing global economy more effectively. By their monopoly of power, they also have not provided sufficient room for mechanisms for public accountability, popular participation, ethnic and religious minority interest representation, market forces' initiatives, and with few exceptions, have not made significant progress toward the institutionalization of democracy.

Although we recognize that the expanding powers and roles of the Middle Eastern states and the reasons behind them are consistent with the patterns of state development at the global level and that many states in the world suffer from similar problems, the findings of our study allow us to conclude that such challenges are more pronounced in the Middle East. The multiplicity of these challenges and problems leads us to further confirm that the substantial functions and powers which the states assumed in their formative years and after, as well as public expectations and demands, went far beyond the existing institutional capabilities and resources of these states.

Table 11. Military Spending of Middle East Countries, 1995

	Arms imports (% of total imports)	Military expenditure (% of central government expenditure)	Military expenditure (% of GNP)	Military personnel (% of total labor force)	Military personnel (in 1000s)
Bahrain	1 1	14 8	5 4	3 1	8
Kuwait	11 6	25 5	11 6	2 5	20
Libya	0 0		6 0	5 3	76
Oman	10 8	33 9	16 7	6 7	36
Qatar		9 4	4 4	3 1	10
Saudi Arabia	31 3		13 5	2 8	175
United Arab Emirates		38 4	4 8	5 3	60
Afghanistan				0 2	20
Algeria	2 2	6 9	3 2	1 4	120
Cyprus	1 4	17 1	5 8	2 9	10
Djibouti			4 5		8
Egypt, Arab Rep	16 2	13 7	5 7	2 0	430
Iran, Islamic Rep	2 2		2 6	2 4	440
Iraq	0 0			7 1	390
Israel	1 1	21 [illegible]	9 6	8 3	185
Jordan	1 9	21 [illegible]	7 7	10 2	112
Lebanon	0 5		3 7	4 2	55
Mauritania			3 2	1 0	10
Morocco			4 3	1 9	195
Sudan	8 4			0 9	89
Syrian Arab Republic	1 5		7 2	8 1	320
Tunisia	0 5		2 0	1 1	35
Turkey	2 0	17 6	4 0	2 9	805
Yemen, Rep				1 5	68
Oil Producing Middle East Countries	11 0	24 4	8 9	4 1	385
Non Oil Producing Middle East Countries	3 2	16 4	4 9	3 5	3292
Regional Comparison					
Middle East	5 5	20 0	6 3	3 7	3677
Latin America	0 7	8 6	1 8	0 9	1299
East Asia (Exclude China)	1 4	10 4	4 2	2 0	3588
South Asia	1 6	14 9	3 1	0 8	2142
East Europe	0 5	8 8	3 1	1 9	952

Source: *World Development Indicators, 1998*, World Bank

Though the responses of the states to these challenges go beyond the confines of this article, it suffices to say that they took several forms. These responses include the introduction of limited measures to reduce the scope of state control of the economy, curb its ownership of public enterprises, deregulate prices and trade, lift governmental subsidies, limit the provision of social and welfare services, and introduce circumscribed democratization reforms. Still, in other countries, the challenges to state power have led to the rise of nongovernmental organizations and civil society institutions to perform some of the tasks that the state has traditionally assumed.[38] In other countries, the severity of the challenges has contributed to the outbreak of civil conflict and even to the collapse of the state itself.

Although the challenges of development, governance, and security are grave and urgent and the growing global economy and the wave of democratization constantly alter the setting in which the Middle East state functions, the findings of our study lead us to believe that there are powerful forces that work to limit the ability of the state to deal with these challenges. The pains associated with the downsizing of the state, the slow returns of privatization, and the market failures in some countries are examples of these forces. The absence of institutionalized democracies and the Middle East security dilemma are additional factors. Indeed, the predominance of autocracy and oligarchy in the Middle East perpetuated in the past the sentiments of uncertainty, fear, and suspicions at the expense of the norms of democracy, interstate cooperation, and trust. If this pessimistic outlook were to persist well in the 21st century, it is likely to preserve the autocratic power of the state and reduce the prospects for economic development and democratic governance.

ENDNOTES

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1. According to *The World Development Report*, New York Oxford University Press, 1997 chapters 1 and 2.

2 Alan Richards and John Waterbury suggested this in their *A Political Economy of the Middle East*, Colorado, Westview Press, 1996, 171-184

3.According to *The World Development Report, 1997*, 22-24

4. Mamoun Fandy in "Tribe versus Islam: The Post-Colonial Arab State and the Democratic Imperative" *Middle East Policy*, 3:2 1994, 40-51

5. Richards and Waterbury in *A Political Economy of the Middle East*, 173-174

6. Joel Migdal, *Strong Societies and Weak States· State-Society Relations and State Capabilities in the Third World*, Princeton, Princeton University Press, 1988

7. In this connection, see Majid Khadoury *Political Trends in Contemporary Arab Politics*, Maryland, Johns Hopkins University Press, 1973

8 Malcolm Kerr, *The Arab Cold War Gamal Abd El-Naser and his Rivals*, Berkeley, University of California Press, 1971.

9 Several authors address the question of Democratization in the Middle East including Heather Deegan in *The Middle East and Problems of Democracy*, Colorado. Lynne Rienner, 1994; Ghassan Salamé (ed), *Democracy Without Democrats? The Renewal of Politics in the Muslim World*, London: I.B Tauris, 1994, Rex Brynen, Bahgat Korany. and Paul Noble (eds), *Political Liberalization and Democratization in the Arab World*, vol 1, "Theoretical Perspectives," Boulder, CO: Lynne Rienner, 1995, Jill Crystal, 'Authoritarianism and its Adversaries in the Arab World," *World Politics*, 46:2 January 1994): 262-89; and Mustapha K Al-Sayyid, "Slow Thaw in the Arab World: Breaking the Bonds of Authoritarianism," *World Policy Journal*, Fall 1991, 711-38.

10. Gregory F. Gause III, *Oil Monarchies*, New York· Council on Foreign Relations Press, 1994

11 A number of scholars have examined the causes behind the setbacks in the democratic process in the Middle East including Lisa Anderson, "Peace and Democracy in the Middle East· The Constraints of Soft Budgets," *Journal of International Affairs*, 49 1 Summer 1995. Bahgat Gawdat, "Privatization and Democratization in the Arab World· Is there a Connection?", *Journal of Social, Political and Economic Studies* 18.4, Winter 1993, Michael Becker and Paul Aarts, "Dilemmas of Development and Democratization in the Arab World." *International Journal of Political Economy*, 23:1, 1993; Heather Deegan and Fred H Lawson, "The Middle East and Problems with Democracy", *Studies in Comparative International Development* 29·3 1994, Ghabra Shafeeq, Democratization in a Middle Eastern State: Kuwait," *Middle East Policy*, 3:2 1993; and Larry P Goodson and Saha Radwan, "Democratization in Egypt in the 1990s: Stagnant or Merely Stalled?" *Arab Studies Quarterly*, 19·1 1997.

12 In their Paper "Measuring Procedural Democracy in the Middle East," which was presented at the Middle East Studies Association annual conference, Chicago, 5 December 1998

13. The countries that are included in the study are Afghanistan, Algeria, Bahrain, Cyprus, Djibouti, Egypt, Iraq, Iran, Israel, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, Turkey, United Arab Emirates, and Yemen.

14 In their study of democracy in the Middle East, Sahliyeh and Lohse relied upon Keith Jaggers and Ted Robert Gurr. *Polity III Regime Type and Political Authority 1800-1994* (ICPSR 6695) (computer file and code book), Ted Robert Gurr, producer (Ann Arbor, MI. Inter-University Consortium for Political and Social Research, 1996).

15 In their study, Sahliyeh and Lohse use Mass Accommodation as the dependent variable Mass accommodation is an aggregated construct consisting of three Polity III variables – Participation Competitiveness, Participation Regulation and Executive Constraint. The study also uses Elite Accord as the independent variable. Elite Accord is also an aggregated construct consisting of three Polity III variables – Executive Recruitment Regulation, Executive

Recruitment Competitiveness and Executive Recruitment Openness. The authors use cross-tabulations and tau-b statistics to measure the mutual association between the two ordinal-level variables.

16. Emile Sahliyeh and Stephen A. Lohse present the figure in their paper "Measuring Procedural Democracy in the Middle East," p. 7

17. According to Michael C. Hudson in *Arab Politics The Search for Legitimacy*, New Haven: Yale University Press, 1977, especially chapters 1-4, and his article "Democratization and the Problem of Legitimacy in Middle East Politics," *Middle East Studies Association Bulletin* 22:2 1988, 157-72.

18. Gause proposed this in *Oil Monarchies*, 59.

19. Ibid., p. 80.

20. According to James Bill and Robert Springborg in *Politics in the Middle East*, New York: Harper Collins, 1994, 413

21. Emile Sahliyeh and Sangeeta Sinha, in their paper "Measuring Ethnic Protest in the Middle East," which was presented at the Midwest Political Science Conference, Chicago, 17 April 1999, present a summary of six explanations for the rise of ethnic and religious activism in the Middle East and Central Asia.

22 Samir Al-Khalil, *The Republic of Fear The Politics of Modern Iraq*, Berkeley· University of California Press. 1989.

23. As indicated by Robin Wright in *Sacred Rage The Wrath of Militant Islam*, New York: Simon & Schuster, 1985, and John L. Esposito, ed., *The Iranian Revolution Its Global Impact*, Miami: Florida International University Press, 1990.

24 Numerous writers have discussed the causes behind the Shi'a political agitation including Augustus Richard Norton, *Amal and the Shi'a Struggle for the Soul of Lebanon*, Austin: University of Texas Press, 1987, Madawi Al-Rashid, "The Shi'a of Saudi Arabia: A Minority in Search of Cultural Authenticity," *British Journal of Middle Eastern Studies*, May 1997, 121-38.

25. Khalilzad pointed this out in his article "Anarchy in Afghanistan," *Journal of International Affairs*, 51 Summer 1997, 37-56.

26. Ibid., pp. 40-50.

27 See numerous articles on the Sudan by Anne Mosely Lesch, "Confrontation in the Southern Sudan," *The Middle East Journal*, 40:3, Summer 1986; "Negotiations in the Sudan," *Foreign Intervention in Sub-Saharan Africa. Making War and Waging Peace*, ed. David R. Smock, Washington, DC: U S. Institute of Peace, 1993; and "A View from Khartoum," *Foreign Affairs*, 65:4, Spring 1987, 807-26.

28. In their writings on Somalia, Chris Searle, "Agony and Struggle in Northern Somalia", *Race and Class*, 34:2, 1992, 23-32, Aristide Zolberg, "The Specter of Anarchy. African States Verging on Dissolution," *Dissent* 39·3, Summer 1992; and Basil Davidson, *The Black Man's Burden· Africa and the Curse of the Nation-State*, New York: Random House, 1992.

29. See chapters 4 and 6, *The Political Economy of the Middle East.*

30. A number of economists have examined the myriad of problems and challenges confronting the economies of several Middle Eastern states including Alan Richards, "Economic Imperatives and Political Systems," *Middle East Journa,l* 47:2 (Spring 1993): 217-27, Henri Barkey, ed., *The Politics of Economic Reform in the Middle East*, New York, St Martin's Press, 1992; Iliya Harik and Denis J Sullivan, eds , *Privatization and Liberalization in the Middle East*, Bloomington: Indiana University Press, 1992.

31 According to the United Nations Development Program, *Human Development Report*, London Oxford University Press, 1994, 102-103

32 Ibid., p 155

33 Ibid., pp 120-22

34 Ibrahim Oweiss, "Economic Development of the Arab Countries in the 1990s," Unity Versus Separatism Conference, Santa Monica, California, 26 August 1994

35 Eliyahu Kanovsky, *The Economy of Saudi Arabia*, Washington, DC· The Washington Institute for Near East Policy, 1994), p 83.

36. The World Bank Indicators had only six years listed for Israel We averaged for Israel for 1980-1996

37. Alan Richards, "Economic Roots of Instability in the Middle East", *Middle East Policy*, 4·12, 1994

38 Augustus Richard Norton, "Civil Society in the Middle East," *Middle East Journal*, special issue on "Civil Society in the Middle East," 47:2, Spring 1993